



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dianne R. Nielson, Ph.D., Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

October 17, 1984

CERTIFIED RETURN RECEIPT REQUESTED
(P492 430 105)

Mr. John B. Fairbanks, Jr.
3927 South 3030 East
Salt Lake City, Utah 84124

Dear Mr. Fairbanks:

RE: Wasatch Tar Sands, Inc., Seep Ridge Project, DOE/047/017
and Whiterocks Project (unpermitted), Uintah County, Utah

In response to your letter received September 11, 1984, I would like to clarify several areas which appear to be misunderstandings.

First, the Division of State Lands & Forestry (DSL&F) and the Division of Oil, Gas and Mining (DOGM) are separate agencies with separate responsibilities and functions, even though they are both within the Department of Natural Resources. The DSL&F is responsible for administering all activities relative to State-owned lands. The DOGM is responsible for regulating all mining activity within the state regardless of land ownership (excluding Indian land). Mr. Blake is employed by the DSL&F and I am employed by the DOGM. We work cooperatively whenever mineral development and exploration activities occur on State-owned lands.

Second, the Utah Mined Land Reclamation Act of 1975 (Title 40, Chapter 8, Utah Code Annotated, 1953) is the statute providing jurisdiction to the DOGM to regulate all mining activity within the State. Section 40-8-5(1) of the Act authorizes the Division staff to enter upon any lands, public and private, to enforce provisions of the Act.

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Third, by definition (Section 40-8-4[6]), any activity associated with exploration, development, or extraction of a mineral deposit involving two (2) acres of disturbance and 500 tons of material mined within twelve (12) consecutive months is considered to be a mining operation. Any activity conducted below these limitations is considered to be exempt from requirements of the statute and Form MR-4 (Declaration of Exemption) is all that is requested by the DOGM. The DOGM's Form MR-4 is not a permit to mine, it is merely a declaration of exemption from regulatory requirements and a mechanism to keep the DOGM informed of all activity which may have the potential to become a mining operation. All proposed mining operations, as defined, are required to file a Form MR-1 (Mining and Reclamation Plan and Notice of Intention to Commence Mining) for DOGM approval prior to commencement of mining activities.

A separate authorization/permit must be obtained from the DSL&F prior to conducting any mining activity on State-owned land, regardless of the size of the disturbance or tonnage extracted. The DSL&F acts in this regard as the lessor for lands administered by that agency.

In the case of the Seep Ridge Project for which you filed a Declaration of Exemption with our office, Wasatch Tar Sands has satisfied this Division's concerns as long as the activity remains less than two (2) acres. However, Wasatch Tar Sands is still obligated to meet all requirements of the DSL&F, since the activity is located on State-owned land.

Regarding Wasatch Tar Sands' activity at the Whiterocks Project, as previously indicated, you, as the operator, must file a Mining and Reclamation Plan and Notice of Intention to Commence Mining for DOGM approval prior to commencement of activities if the proposed operation will affect two (2) acres or more, regardless of ownership. As stated to you in the Division's letter dated August 2, 1984, it appears from a site visit conducted by Division staff on July 19, 1984 that the disturbance presently associated with your Whiterocks Project exceeds the two (2) acre limitation. In that letter you were requested to furnish the Division with information relative to this activity so that a proper determination could be made regarding the scope and magnitude of the project. We have not received any documentation from you regarding this request to

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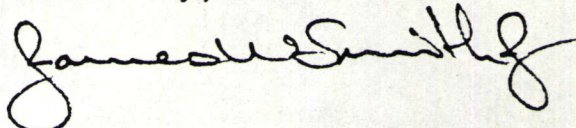
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date. Please provide this office with all information relative to Wasatch Tar Sands' activities in the Whiterocks areas as soon as possible, preferably not later than October 31, 1984. If you anticipate any problems with furnishing the information by this date, please let me know.

Please be assured that neither Mr. Blake, nor anyone from this office is utilizing their position to "harass" any mine operator. We are merely trying to perform our duty to uphold our respective Division responsibilities and obligations as mandated by statute. Wasatch Tar Sands' cooperation in conducting its mining activity according to all pertinent laws, rules and regulations is requested and certainly appreciated. The DOGM is doing all that it can to ensure that every mining operation within the State is conducting its activities in an environmentally sound and responsible manner.

I look forward to hearing from you soon.

Sincerely,



James W. Smith, Jr.
Administrator
Mineral Resource Development
and Reclamation Program

btb

cc: John Blake
Dianne Nielson
Ron Daniels
Mary Boucek
Wayne Hedberg
Sue Linner
Tom Tetting

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